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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

January 17, 2013

Kevin Butters
Towers Sand and Gravel, LLC
760 North Harrisville Road
Harrisville, Utah 84404

Subject: Tentative Approval to Commence Large Mining Operations, Towers Sand and Gravel LLC, Towers Sand and Gravel Mine, M/057/0006, Weber County, Utah

Dear Mr. Butters:

The Division of Oil, Gas and Mining tentatively approves the referenced Notice of Intention to Commence Large Mining Operations (Notice). The Division has reviewed the most recent submittal of the Notice, received November 20, 2012, and found a few errors in the reclamation cost estimate worksheets. An electronic copy of the revised surety was sent to you via electronic mail. As a result, the surety amount needed has increased to \$1,015,000.00. While this amount is slightly greater than the \$1,014,814 provided with the collateral bond, the Division will not require additional surety at this time. However, escalation or amendments to the Notice could warrant additional surety at some point in the future.

The notice of tentative approval will be published in the appropriate Salt Lake City and Weber county newspapers (copy attached). This will begin a 30-day public comment period. The Division will also notify the Resource Development Coordinating Committee (RDCC). If no substantive comments are received during the public comment period, the Division will then issue its final approval for this project. Changes to the Notice may be needed if substantive comments are received.

The following items are needed prior to final approval:

1. Two copies of the complete and corrected plan. When final approval is issued, one copy will be stamped "approved" and returned to you for your records.
2. A signed and notarized reclamation contract (enclosed). A reclamation contract



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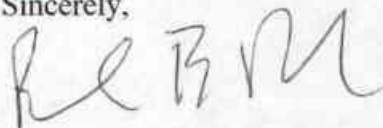
was provided previously, but some of the language in the contract had been altered to account for the lack of an approved plan.

3. A signed and recorded trust deed for the full amount of the value of the Klassy-SPS Properties property. The trust deed needs to give the date of the new reclamation contract. The Division has a trust deed dated March 28, 2012, but it indicates the reclamation liability is \$300,000.00. It needs to be signed by a manager of Klassy-SPS Properties LLC (Betty Butters or C. E. Butters, Jr.).
4. The following modifications are needed for the title insurance policy:
 - a. The proposed insured needs to be, "The State of Utah, Division of Oil, Gas and Mining."
 - b. Schedule B, Section I: Remove the first paragraph or confirm that the Notice of Intention to Commence Large Mining Operations and obligations under the reclamation contract are now due and owing.
 - c. Schedule B, Section II: Remove items 11, 12, and 13. Alternatively, 1. Provide details as to item 11; 2. Show what lands or portion of the legal description is included in the order of occupancy; and 3. Provide details of item 13.

Please also clarify that the grantor is paying the title insurance fee of \$4135.00.

Thank you for your cooperation and patience in completing this permitting process. Please contact Lynn Kunzler at 801-538-5310 or me at 801-538-5261 if you have questions regarding this letter.

Sincerely,

A handwritten signature in dark ink, appearing to read "P B M", written over the typed name.

Paul B. Baker
Minerals Program Manager